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Held at Headquarters, New York, on Wednesday, 5 November 1997, at 3 p.m.

Chairman: Mr. Chowdhury (Bangladesh)
Later: Ms. Incera (Vice-Chairman) (Costa Rica)
*Chairman of the Advisory Committee on Administrative
and Budgetary Questions:* Mr. MSELLE

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The meeting was called to order at 3.20 p.m.

Agenda item 142: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (continued)

- (a) **Financing of the United Nations peacekeeping operations (continued)** (A/51/967 and Corr.1 and 2; A/52/410; A/C.5/52/L.4 and L.7)

Draft resolution A/C.5/52/L.4

1. **The Chairman** recalled that, at the twenty-first meeting of the Committee, Ms. Peña (Mexico), the coordinator of informal consultations on the item in question, had introduced draft resolution A/C.5/52/L.4, entitled "Death and disability benefits", and had orally revised it by replacing the words "this principle" in paragraph 7 with the words "this idea". If he heard no objection, he would take it that the Committee wished to adopt the draft resolution.

2. *Draft resolution A/C.5/52/L.4, as orally revised, was adopted.*

3. **Mr. Greiver** (Uruguay) said he was pleased that draft resolution A/C.5/52/L.4 had been adopted, and, in particular, that it provided that all cases of injury or death should be compensable, since that would give confidence to peacekeeping troops.

Draft resolution A/C.5/52/L.7

4. **Mr. Repasch** (United States of America) said that he had received instructions from his Government that prevented him from joining the consensus on the draft resolution. He requested that the Committee should defer action in that regard and suggested that it should continue its review of paragraph 12 in informal consultations.

5. **The Chairman** said that, in view of the position of the representative of the United States, it seemed appropriate to defer action on the draft resolution.

6. *It was so decided.*

Reform of the procedures for determining reimbursement to Member States for contingent-owned equipment

7. **The Chairman** recalled the statement made at the twenty-first meeting of the Committee by Ms. Peña (Mexico), the coordinator of informal consultations. If he heard no objection, he would take it that the Committee wished to defer consideration of that question until the second part of the resumed fifty-second session.

8. *It was so decided.*

Agenda item 143: Report of the Secretary-General on the activities of the Office of Internal Oversight Services (A/51/432, A/51/530 and Corr.1 and A/51/801; A/52/426 and A/52/464; A/C.5/52/12)

9. **Mr. Paschke** (Under-Secretary-General for Internal Oversight Services) introduced the report of the Secretary-General on the activities of the Office of Internal Oversight Services (A/52/426) and observed that the Office was an important new element in the management culture of the Organization, as stated by the Secretary-General in the note transmitting the report. The Office was part of what the Secretary-General called the "quiet revolution" of the Organization.

10. During the reporting period, the Office had concentrated on improving the quantity and quality of its oversight work. Appendix II of the report contained a list of all the reports issued by the Office during the period, which demonstrated the breadth of its oversight activities. To enhance the quality of its reports, the Office had intensified dialogue with its clients in preparing final reports, and continued to try to take their views into account and to reflect them in the reports as far as possible. Lastly, the Office had introduced a process of peer review of all reports sent to the General Assembly.

11. Chapter I of the report described the relationship between the Office and the separately administered funds and programmes. The Committee still had before it the report of the Secretary-General on enhancing the internal oversight mechanisms in operational funds and programmes (A/51/801) and the opinion of the Legal Counsel regarding the implementation, by the funds and programmes, of recommendations contained in that report (A/C.5/52/12).

12. The efficiency and effectiveness of the Office of Internal Oversight Services were demonstrated by the two tables at the end of chapter I. The first showed that, during the reporting period, the Office had made recommendations that would result in savings of nearly \$30 million, and the second showed that the implementation rate for the Office's audit recommendations continued to climb.

13. Chapters II and III gave a detailed overview of the Office's findings. It was noted that internal control weaknesses were still prevalent in the United Nations and that existing rules, regulations, policies and procedures needed to be reviewed and streamlined. At the same time, the cost-benefit ratio of certain controls needed to be reviewed.

14. In relation to peacekeeping operations, the Office's activities had focused on the problems which arose during

the termination phase of missions. Auditors from the Office had acted as consultants to the Department of Peacekeeping Operations in a number of cases. In the area of humanitarian affairs, the Office had conducted an in-depth evaluation of the Department of Humanitarian Affairs (E/AC.51/1997/3) and a management audit of the coordination of humanitarian activities in the field, while the Audit Section of the Office of the United Nations High Commissioner for Refugees (UNHCR) in Geneva had conducted audits of 14 country programmes and headquarters support functions. With respect to procurement, the Office had submitted a comprehensive review of outsourcing (A/51/804), which the Committee would take up again in conjunction with the report of the Joint Inspection Unit on the same subject. Particular attention had been paid to the areas of catering services (A/51/802) and air charter services. The Office had also monitored the procurement reform efforts of the Department of Management and the problems which the Organization faced when it established new bodies, such as the tribunals for the former Yugoslavia (A/51/824) and Rwanda (A/51/789). The report also referred to the Office's inspections of the United Nations Environment Programme (UNEP) (A/51/810), the United Nations Centre for Human Settlements (Habitat) (A/51/884) and the International Trade Centre UNCTAD/WHO (ITC) (A/51/933), as well as to a number of investigations and to the in-depth evaluation of the United Nations programme on statistics and the work of the Central Monitoring and Inspection Unit.

15. **Mr. Kosyi** (Ukraine) welcomed the efforts made by the Under-Secretary-General for Internal Oversight Services and his Office to create an independent and efficient internal oversight service, with ever more tangible results. The Office's insistence on the full implementation of its recommendations had led to profound changes within the management culture of the United Nations.

16. The Office's findings were bound to arouse concern, since they revealed the substantial material and financial losses suffered by the United Nations and, ultimately, by Member States. At the same time, the Office's work was attracting the attention of the media, some of which branded the Organization a den of iniquity, mismanagement and intrigue. However, it should not be forgotten that, in assessing the efficiency of any system of rules and norms, it was important to take into account not only the various irregularities uncovered but also, and more importantly, the creation of conditions to ensure that those responsible were automatically punished. It should be possible to create such conditions in the United Nations as a result of the work of the Office, the Board of Auditors, the Joint Inspection Unit and the Secretary-General.

17. Particular attention should be paid to the improvement of the system of leadership and management, the streamlining of the rules and arrangements for administrative management, the full implementation of the recommendations made by the Office as a result of its work, the improvement of monitoring policies and procedures, the review and expansion of the priority areas for oversight and the changing of human resource management policies. The Secretary-General's efforts to change the central management system in such a way as to improve coordination of United Nations activities were to be commended. In general, the measures to decentralize management functions and the delegation of authority to programme directors would be useful, as long as responsibilities were clearly and systematically defined. Clearly, internal oversight bodies, particularly the Office of Internal Oversight Services, would have a fundamental role to play in the new monitoring mechanism, which would undoubtedly need to be set up if the proposals were to be put into practice.

18. With regard to the streamlining of existing administrative rules, the emphasis should be on developing procedures and directions related to management, monitoring, evaluation and self-evaluation, simplifying the various financial arrangements and revising the Staff Rules and Regulations, including the recruitment process, so that they reflected primarily the interests of the Organization and Member States.

19. Although the Secretary-General had recently submitted a draft code of conduct to Member States, it was unfortunate that the basic work on the subject had not yet been completed. It was incumbent on Member States to resolve some of the outstanding issues in that area.

20. One of the main causes of irregularities in the administrative and financial area was rooted in the current interpretation of the concept of a career international civil service, based on the predominance of permanent appointments among staff in the Professional category. The thwarted personal ambitions and economic expectations of some staff members as a result of their passivity and lack of initiative were one of the prime causes of various kinds of infringements and fraud. His delegation would continue its efforts to find a sensible balance between permanent and fixed-term contracts.

21. He was satisfied with the improvements in the implementation of the findings and recommendations of the Office, although the mechanism for implementing those findings and recommendations was still inadequate. It was essential to consider whether it was desirable for the

Secretary-General to submit an annual report on the implementation of the findings and recommendations of the Office for review by Member States in the Fifth Committee.

22. The Office should review and expand the priority areas for oversight in the light of the new objectives set for it by the General Assembly. His delegation did not question the need for the Office to focus its efforts on the priority areas previously established, but believed that it should restructure its work in view of the agreement reached in the Open-ended High-level Working Group on the Strengthening of the United Nations System and devote its attention primarily to policies and procedures for hiring consultants, appointments on short-term contracts, staff selection, appointments to high-level posts, purchasing and the awarding of contracts, and the creation and use of trust funds, as well as the achievement of true productivity increases through investment and the use of new technologies.

23. Mr. Farid (Saudi Arabia) said he was pleased to see that, thanks to the efforts of the Office of Internal Oversight Services, a total of \$17.8 million had been saved or recovered. His delegation supported the recommendation on the use of outsourcing in procurement and the need for an Organization-wide policy on outsourcing. He also supported the new contract for catering services at Headquarters, particularly the arrangements whereby the contractor would reimburse the United Nations for the cost of facilities and equipment, carry out capital improvements and pay the Organization a percentage of gross income. The Office should also prepare a report on the gift shop at Headquarters.

24. The existing rules, regulations, policies and procedures for oversight should certainly be reviewed.

25. His delegation requested clarification of the statement in paragraph 3 of the annex to document A/C.5/52/12 that the annual report of the Office was transmitted to the General Assembly for information purposes.

26. Mr. Moktefi (Algeria) thanked the Under-Secretary-General for Internal Oversight Services for the excellent work done by his Office and asked for clarification regarding the first table appearing on page 14 of the report. The \$17.8 million savings were commendable, but it would be interesting to know how the table had been prepared and the basis on which the calculations had been made, given that some factors such as the prevention of excessive or unjustified expenditure seemed difficult to quantify. As for the 1996-1997 budget reductions, his delegation wished to know whether those reductions had in any way affected programmes established by the General Assembly. Lastly, he asked the reason for the appreciable difference between the total amounts identified and recommended (\$29.3

million) and the total savings and recoveries (\$17.8 million). It was surprising that, although the sectors in which savings could be achieved by improving management and reducing waste had been identified, the actual savings should be so much lower.

Agenda item 114: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*) (A/51/933; A/52/339)

27. Mr. Paschke (Under-Secretary-General for Internal Oversight Services) introduced the report of the Office of Internal Oversight Services concerning the review of the programme and administrative practices of the secretariat of the International Trade Centre UNCTAD/WTO (ITC) (A/51/933). The transition of the International Trade Centre to an effective and focused instrument for the promotion of expanded world trade had begun after a long period where little direction had been exercised; the process would need to be pursued with persistence and firmness. Much work on developing a comprehensive strategy and a work plan remained to be done. The Centre's role in promoting the objectives of its parent organizations and defining the responsibilities, authority and accountability of the various sections, units and divisions needed to be further clarified. Coordination, coherence and complementarities needed to be strengthened both within the Centre and between the Centre and its parent organizations and a systematic approach for tracking progress in delivery and evaluating achievements should be established.

28. The managerial role played by the existing instruments sometimes delayed action and diluted responsibility. There were also weaknesses in the controls over the staffing table and over the utilization of consultants and experts. The percentage of staff resources engaged in administrative functions appeared to be too large for a small organization and its skill profile had not kept pace with the evolution of world trade.

29. The recommendations emanating from the review, which appeared in part VII of the report, had been endorsed by the Centre's management. He trusted that the recommendations were being implemented and that the special efforts, persistence and cooperation that the process required from staff and management alike would be deployed.

30. Introducing the report on the investigation into the alleged conflict of interest in the United Nations Centre for Human Settlements (Habitat) (A/52/339), he said that the investigation had examined three allegations: a conflict of interest by a staff member involved in contracts awarded to

her spouse, a Habitat consultant; the lack of management response to that conflict of interest; and a claim of retaliation against a staff member for having raised the issue to management in February 1994.

31. The investigators' conclusion had been that none of the allegations could be substantiated. The staff member who was said to have been the object of retaliation was currently in charge of an important Habitat field office. With regard to the possible conflict of interest, consultations with the Office of Legal Affairs had revealed that the facts did not constitute a violation of the current conflict provisions of the Staff Rules, which did not cover the case in question. The report therefore recommended that the Office of Legal Affairs should amend the Staff Rules to provide protection to the Organization in such cases; those changes had been made in the draft code of conduct that had since been submitted to the General Assembly for review and adoption. On the question of whether the Habitat management had responded to the issue, the investigation had determined that it had.

32. The report contained four recommendations, all of which had been implemented: in the new code of conduct, the Office of Legal Affairs had revised the relevant provisions of the Staff Rules to prevent such situations arising in the future; the Habitat management had formally required the staff member to sign a letter confirming that she and her section would continue to have no role in any future contract awarded to her spouse or his firm; in consultation with the Office of Legal Affairs, the Habitat management had directed that the spouse's suspension, which had begun in March 1997, should be continued throughout 1998; and, also in consultation with the Office of Legal Affairs, the Habitat management had directed that the firm's suspension should be continued throughout 1997 and should be lifted only if the firm was able to satisfy the Habitat management that the staff member's spouse was not involved in the Habitat contracts and did not share in the fees for such contracts.

33. **Mr. Repasch** (United States of America) said that the two reports submitted by the Under-Secretary-General for Internal Oversight Services were excellent examples of the valuable auditing, investigating and inspecting work done by his Office. In particular, the results of the report on the alleged conflict of interest within the United Nations Centre for Human Settlements (Habitat) were of wide-ranging importance in terms of the Organization's efficiency. It was reason for deep satisfaction that those results had been reflected in the draft code of conduct and would lead to better protection for the United Nations.

34. **Ms. Incera** (Costa Rica), Vice-Chairman, took the Chair.

35. **Ms. Chen Yue** (China) enquired why the report of the Secretary-General on the activities of the Office of Internal Oversight Services (A/52/339) had not been distributed in Chinese, and when the Chinese version would be available.

Agenda item 116: proposed programme budget for the biennium 1998-1999 (continued) (A/52/6 (vol. II), A/52/7 (chap. II, part V) and A/52/16 and Add.1)

Section 16. Economic and social development in Africa

Section 16A. Regional Commission

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Section 18. Economic development in Europe

Section 19. Economic and social development in Latin America and the Caribbean

Section 20. Economic and social development in Western Asia

Section 21. Regular programme of technical cooperation

36. **Mr. Soong Chull Shin** (Republic of Korea), referring to section 17 of the proposed programme budget for the biennium 1998-1999, said that his delegation associated itself with the statements made in that connection by the delegations of the Philippines, speaking on behalf of the Association of South-East Asian Nations, and Thailand. The Economic and Social Commission for Asia and the Pacific was facilitating the economic development of the countries in its region and helping them to meet the challenges facing them. Given the diversity in the geographical, cultural and economic conditions in those countries, the Commission should focus on developing infrastructure, particularly regional transport and communications, under subprogramme 8 of section 17. Also, in view of the poverty prevailing in the region, subprogrammes 5, 6 and 7 on poverty alleviation were particularly important.

37. The changes in the number of subprogrammes in the section would make it possible to define responsibility for programme delivery and for achieving the planned results. His delegation supported the overall level of resources proposed by the Secretary-General and the recommendation

of the Committee for Programme and Coordination in paragraph 200 of its report (A/52/16).

38. **Mr. Mihut** (Romania), referring to section 18, said his delegation was pleased to note that the reform process in the Economic Commission for Europe had taken place with direct participation by its member States, subsidiary organs and secretariat. He welcomed the results of that process such as the streamlining and rationalization of the programme of work and the reduction in the number of principal subsidiary bodies from 14 to 7.

39. The internal transformations in the Commission went beyond a simple reduction in funds or posts and had been undertaken in order to replace obsolete structures with new mechanisms that would bring more flexibility and efficiency to the Commission's working methods. The first of those mechanisms would be the Group of Experts which would make recommendations concerning the adjustments and shifts needed in the programme of work, while the second would be the Coordinating Unit for Operational Activities, which would address activities that responded solely to the needs of specific groups of member countries.

40. His delegation fully endorsed the proposal for resources put forward by the Secretary-General under section 18 of the proposed programme budget and hoped that those resources would allow the Commission to play a more important role in assisting the countries in its region to achieve rapid integration into the world economy.

41. **Mr. Repasch** (United States of America) expressed concern about the increase in resources planned for the various regional Commissions under sections 16 to 20 at a time when those Commissions were undergoing a process involving reform and rationalization of their structures and programmes of work, definition of their priority activities and improvement of their cost-effectiveness.

42. In the case of the Economic Commission for Africa, there were still some programmes that were over-ambitious in terms of meetings and publications and could be pruned. Also, the Commission should not continue financing the African Institute for Economic Development and Planning and the United Nations African Institute for the Prevention of Crime and the Treatment of Offenders, which should be financed from extrabudgetary resources.

43. Turning to section 17, he welcomed the measures to restructure the Economic and Social Commission for Asia and the Pacific, which included reducing the number of meeting days and eliminating posts. In that connection, the resource utilization study being carried out to ensure that the limited resources were used for high-priority activities was

important. The United States delegation would work with the other members of the Advisory Committee of Permanent Representatives to ensure that the results of the study were applied in determining the priorities in the Commission's programme of work. However, he was concerned about the increase in the resources allocated to programme support from 49 per cent to 52 percent: they should be reduced, and a higher proportion should be allocated to strengthening the Commission's programme of work and projects so as to meet the needs of the region as determined by its member States.

44. He noted, in relation to section 18, that the Economic Commission for Europe had made significant progress on reform, and that the restructuring plan approved in April 1997 reflected its commitment thereto. However, the increase in the resources allocated to publications was disturbing, as was the increase for the Committee on Human Settlements, an area that had received minimal priority in the Commission's programme. His delegation would welcome clarification of the staffing requirements for the Coordinating Unit for Operational Activities (A/52/6, sect. 18, para. 18.25) as it had understood that only two staff members were required for the Unit, not three.

45. Turning to section 19, his delegation had noted the results of the meetings of the ad hoc working group of the Economic Commission for Latin America and the Caribbean in July 1996 and June 1997, during which the member States had defined a small set of priorities within the Commission's programme of work and had studied a pilot management programme proposed by the Executive Secretary of the Commission that would entail an innovative approach to reform measures.

46. Regarding the requirements reflected in section 20, his delegation felt that the resources earmarked for programme support represented too high a percentage of the budget of the Economic and Social Commission for Western Asia (ESCWA) and should be redirected towards higher priority aspects of the programme. ESCWA should further rationalize its programme of work to avoid overlaps with the work of other bodies. The Regional Inter-Agency Coordination Group should participate more fully in regional coordination activities and cooperation efforts. His delegation was concerned to note that the Commission's budget for the 1998-1999 biennium was to increase by 45.5 per cent, and that staff costs would almost double, despite the reduction in the number of posts. Further details should be provided on costs which, according to the proposed programme budget, were higher in the new ESCWA headquarters in Beirut.

47. His delegation recognized and supported the contribution made by the United Nations system to the provision of technical assistance. However, it had reservations on section 21, concerning the regular programme of technical cooperation, as the resources involved were essentially non-programmed funds to be used for various unspecified activities. As the programme was financed from the assessments of Member States, the expenditures provided for in that section should be clearly defined and justified. The programme called for extensive restructuring. His delegation would like clarification on the reason for increasing resources to a level comparable to that initially requested for the 1996-1997 biennium, since, in that as in all other sections, the focus should be on the needs of the next biennium and not on recovering resources which had been reduced in earlier budget periods.

48. He also asked for clarifications on a number of paragraphs in the Advisory Committee's report (A/52/7 (chap. II, part V)). While he shared the concern expressed in paragraph V.8 of the report regarding the trend for significantly increasing resources for consultants and experts in the regional commissions, it was his view that the Advisory Committee should recommend the proportion of resources to be earmarked for that purpose. In general, the Advisory Committee should not limit itself to taking note of problems, but should provide a list of all its observations and recommendations, with the relevant financial implications. He also agreed with the observations in paragraph V.11 regarding the growth of travel costs for ESCAP, ECE and ECLAC; some of those costs were probably unnecessary or could be considerably reduced through the use of new technologies. In paragraph V.28, the Advisory Committee questioned the request for \$225,400 under contractual services for outside translation and editing in ECA as it had not been provided with a convincing justification for the proposed abolition of the two translator posts. The Advisory Committee should indicate what constituted a convincing justification. His delegation shared the Advisory Committee's concern at the relatively high proportion of ESCAP regular budget resources earmarked for programme support. It was to be hoped that, with the provision of further information on the question, agreement could be reached on ways of reducing support costs and allocating more resources to substantive activities.

49. **Ms. Silot Bravo** (Cuba), referring to section 19 concerning economic and social development in Latin America and the Caribbean, expressed her delegation's support for the work of ECLAC. She took note of the Commission's ongoing process of reform and of the establishment of an ad hoc working group to define priorities

of the work programme and recommend to the Commission strategic directions for its future activities. It would be as well to wait for the results of the working group's first meeting before taking any decision on the pilot management project. It was deeply disturbing that, as indicated in document A/C.5/51/53, staff reductions had resulted in the cancellation of a number of reports and studies designed to provide Governments with analyses and information on which to base their development policies and programmes, and that cancellations of meetings of groups of experts had affected the scope of research into and study of questions which were important to States in the region. Clarification was needed on the intended follow-up of activities to which resources had been allocated in the previous biennium.

50. Her delegation asked the Secretariat to clarify in writing which posts it was proposed to abolish and what their functions were, the reason for the delay in filling the P-4 post established under paragraph 34 of resolution A/50/214 and the grounds for all the proposed post reclassifications. It would also like information on the changes in the frequency of meetings of policy-making organs compared with the previous biennium, on the relationship between the current subprogramme structure and the proposal for the next biennium adopted under the medium-term plan and the costs, in each subprogramme, of follow-up to the Summit of the Americas in Miami, in view of the fact that not all Member States were participating. Finally, she asked for a breakdown of the costs of outsourcing security services.

51. **Mr. Moktefi** (Algeria) said he firmly supported the programme of work in section 16A concerning economic and social development in Africa and that the level of resources allocated should be higher. He welcomed the efforts to rationalize the work of ECA which, as stated in paragraph V.20 of the Advisory Committee's report, would enable 25 per cent of ECA staff to be redeployed to the subregional development centres. He supported in particular the work of the African Institute for Economic Development and Planning and the African Institute for the Prevention of Crime and the Treatment of Offenders, which should be funded from the regular budget of the United Nations.

52. **Mr. Halbwachs** (Controller), replying to delegations' comments and questions, said that there had indeed been some increase in the resources for regional commissions. The fact that a significant reduction in the overall budget had been set as an objective did not mean that reductions should be made in each section, and resources had been allocated on the basis of the priorities set by the General Assembly. Some increases had been inevitable. In the case of ECA, most of the increase resulted from the opening of the new conference centre; in the case of ECE, the bulk of the

increase was clearly due to the transfer to that section of ECE's portion of the costs of the International Computing Centre, which had previously been presented in a separate section of the budget. The increase in ESCWA's resources was not strictly due to the transfer of its headquarters from Amman to Beirut, the cost of which would be absorbed in 1997, but to the fact that staff costs would be higher in Beirut than in Amman.

53. The regular programme of technical cooperation, which was designed to respond to Member States' requests for assistance, because of its very nature, could not be itemized or planned in advance, although the Secretariat provided estimates indicating the sectors in which requests for assistance were expected. The increase of resources in that section was due to the considerable reductions made two years earlier and to the fact that anticipated activities related to most of the sectors to which the General Assembly had assigned priority.

54. The question of ECLAC's cancelled activities had been considered the previous year when the General Assembly had had before it the Secretariat's proposal to reduce the budget for the 1997-1998 biennium to \$2,608 million, and the affected activities were listed in document A/C.5/50/57/Add.1. The question of the P-4 post had also been dealt with on that occasion, when it had been considered necessary to freeze it; the post would be filled shortly. The reclassifications were part of the General Services post reclassification process which had been in progress at various duty stations and had ended the previous year.

The meeting rose at 4.55 p.m.